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9 January 1952

CIA No. 49486

Copy No.

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DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Dept., USAF reviews completed

DIA review(s) completed.

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SECTION 1 (SOVIET)

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1. USSR. Soviet representative again urges Security Council talks on Korea: In conversation with the US delegation Soviet UN delegate Malik asserted that it was necessary to "raise the level" of Korean discussions in view of the attitude of the US negotiators. The Soviet delegate alleged that the USSR's proposal for a Security Council meeting attended by "responsible political leaders" was intended to help the negotiations in Korea and not to terminate them. Malik argued that consultation with numerous UN delegations had revealed "a great deal of interest" in the Soviet proposal.
- [REDACTED]

Comment: The Soviet call for a Security Council meeting is apparently another attempt to force UN discussion of a Korean political settlement while the military armistice negotiations are being held.

The Soviet package proposal provided for discarding the year-old Western blueprints for increasing the UN's capability to meet new aggressions. The USSR was apparently dangling before the UN the prospect of immediate big power talks on the prolonged Korean negotiations in the hope of drawing support away from the Western collective security project.

2. Antiaircraft defenses of Moscow: According to the US Military Attache in Moscow it must be assumed that the antiaircraft defenses of Moscow include 100 8-gun batteries of which 60 batteries are emplaced in positions around the city and 40 are in mobile reserve in the area. This conclusion is based on analyses of actual observations made in the Moscow area and an estimate of probable locations and strengths in areas where observation is limited by Soviet security measures.
- [REDACTED]
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Comment: Considerable strengthening of the antiaircraft defenses of Moscow has taken place during the past two and a half years, including an increase in the number of positions and an improvement in the calibre of weapons and equipment. According to the most recent reports, 48 positions, of which 7 are unoccupied, have been located in the Moscow area. They contain a total of 380 guns.

3. Ponomarenko announces pre-schedule grain plan fulfillment: Pre-schedule fulfillment of the state grain plan was announced on 25 December by Minister of Procurement P. Ponomarenko. The announcement carried by Pravda and Socialist Agriculture on 6 January revealed that collective and state farms fulfilled their quotas by 100 and 106 percent respectively. Bread grain deliveries were claimed to have exceeded those of 1950 by 2.6 million metric tons, while deliveries of produce by collective farms in payment for Machine Tractor Station work were also fulfilled.
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Comment: Non-Soviet agricultural authorities anticipated that the 1951 grain harvest in the USSR would exceed that of 1950 by approximately 9 million metric tons, with bread grains constituting the major part of the increase. Ponomarenko's figure of 2.6 million metric tons excess of bread grain deliveries over 1950 is, therefore, not unrealistic. Increased deliveries to the state are subsequently reflected in parallel increases of deliveries representing payments for the services of the Machine Tractor Stations.

4. Difficulties facing Soviet farm merger campaign: Recently released statistical data on the current total number of collective farms offer confirming evidence that the vigorous merger campaigning days of early 1950 are over. Reference is made to an article by I. Laptev in Socialist Agriculture for October 1951, which stated that there are now 123,000 collective farms.

The Embassy observes that this figure is identical with that announced by Minister of Agriculture Bevediktov last March. The Embassy also refers to an Izvestia article of 15 November as being of more than ordinary interest because of the scope of the remedy it suggested. The author of the article stated that "the time has come to set about seriously reducing and perfecting the apparatus of the agricultural organs, starting with the Ministries and ending with the raion section, with the purpose of freeing a significant portion of the specialists for collective farm production."

Comment: The Soviet Government endeavored during the course of 1951 to have collective farm chairmen picked from the ranks of agronomists, veterinarians, and other specialists, rather than from rank and file peasants. Judging by the apparent results, this program has been slow in getting started. The delay may have been caused by peasant resistance, but possibly by agricultural specialist reluctance as well.

5. Increased Soviet attacks on US policy toward Japan: Radio Moscow broadcast a lecture entitled "The Struggle of the USSR for the Preservation of Peace in the Far East," which asserted that while the US is "feverishly transforming Japan into a center of new aggression against the Soviet Union, People's China and other Asiatic nations ... Soviet policy toward Japan always corresponded with the vital interests of the Japanese people and the cause of securing the peace in the Far East."

In general, the purpose of the lecture was to create in the minds of the Japanese resentment against restrictions in trade and fear of proceeding with rearmament and the granting of bases to the US.

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Comment: The broadcast is typical of Soviet propaganda which, since Stalin's New Year message to Japan--labelled by one East German radio as the "starting point of new great actions in the fight for Japan's independence and the preservation of peace"--has markedly increased its charges and criticism of US policy regarding Japan.

6. ALBANIA. "Hands-off" Albania policy requested: The National Committee for Free Albania in Rome asked Yugoslavia, Greece and Italy to issue a joint pledge to respect Albania's frontiers and let the Albanian patriots overthrow the Albanian Government. The spokesmen said that a public announcement of the "hands-off" policy is needed to refute the Communist propaganda by which Hoxha's regime is trying to hold power. The Committee stated that it had received information from inside Albania that a revolt against Hoxha's Communist regime may be near. [REDACTED]

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Comment: There is no information to substantiate the allegation that a revolt is incipient in Albania, although anti-Hoxha activities have been carried out during the past two years. The October spy trials, however, probably curtailed resistance activity. Albanian propaganda currently is emphasizing the theme that the neighboring countries have territorial designs on Albania.

7. CZECHOSLOVAKIA. State reserves are a new feature of the 1952 economic plan: A large-scale buildup of State reserves of the means of production is one of the outstanding characteristics of the revised 1952 economic plan, according to Minister of State Planning Pucik. He added that State reserves will ensure plan fulfillment and strengthen national defense. [REDACTED]

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Comment: The introduction of State reserves into the economic plan follows the practice of the USSR, and probably means that a Ministry of State Reserves will be created in 1952 if the program is as large as Pucik hints it is. Hungary recently moved in the same direction when it earmarked one billion forints for stockpiling in the 1952 budget. The Czechs are trying to do everything at once in the 1952 plan, and the added burden of State reserves, details of which are unknown, seems too great for Czech capabilities.

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9. POLAND. Trial of alleged US spies opens in Warsaw: A trial of five spies allegedly sent to Poland by US Intelligence commenced 8 January at the Military Regional Court in Warsaw. The individuals indicated, three of whom left Poland in 1951, are all described as escapees from Poland who, during the latter half of 1951, returned clandestinely to carry out various espionage tasks for the US Government. [REDACTED]

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Comment: The initial emphasis placed on charges that the defendants are recent refugees recruited by US Intelligence suggests that the proceedings of the trial will be used to emphasize in practical terms the alleged antinational and illegal aspects of the MSA. Similar trials have taken place within the past month in Rumania, Hungary, and the Moldavian SSR.

10. RUMANIA. Mass dismissal of government employees confirmed: It has been confirmed that 15 to 40 percent of the personnel employed in Rumanian Government offices and state enterprises were dismissed effective 1 January. At least a few of these discharges have been replaced, indicating the possibility that a rotation of personnel may be involved, but there appears to have been a large net reduction in the number of government employees. There are rumors that some of the discharged personnel are being sent to the provinces to construct and staff new industrial enterprises, while others will be sent to special training schools.

[REDACTED] the government ministries are soon to be reorganized along standardized lines. [REDACTED]

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Comment: Although it is too early to draw any firm conclusions concerning this mass dismissal of governmental employees, it seems probable that the action is being undertaken in an attempt to remove deadwood from the Bucharest bureaucracy, excess administrative personnel being transferred to the labor-short industrial sector. A similar action was taken last summer in Czechoslovakia, when 77,500 government employees were removed from their jobs and transferred to industry.

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11. RUMANIA. The 1951 plan reported realized: Fulfillment of the 1951 Rumanian state economic plan by 104 percent has been announced. Oil output allegedly increased by 20 percent over that of 1950, and for the first time crude oil extracting and processing was said to have been completed ahead of schedule. The heavy industry plan was reportedly completed in 11 months; output of local industry was said to be 47 percent more than in 1950; and agriculture allegedly surpassed 1950 production by a considerable margin.

The 1952 plan emphasizes socialist industrialization and calls for a 24.5 percent increase in industrial output over 1951. Machine building is to be increased 35 percent, and agricultural output 20 percent over 1951. Investments are to increase 70 percent over 1951, and building 55 percent. Local industry is to produce 40 percent more, and circulation of goods is to increase 20 percent over that of 1951. [REDACTED]

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Comment: State Planning Commission President Constantinescu made the first announcement of the plans and emphasized the importance of aid from the USSR as a guarantee for fulfilling the tasks for 1952.

As usual, percentages instead of absolute figures were given in evidence of the fulfillment of the 1951 plan. The fact that percentages for heavy industry and agricultural production were not given may indicate that they did not meet the plan. According to Rumania, the oil plan was overfulfilled.

12. Christmas period reflects some popular resistance: The American Legation in Bucharest noted evidence of some popular passive resistance during the Christmas season. There were reports that children sang oldtime carols in the streets for the first time in several years, and that Bucharest church attendance was the largest in recent years. Official celebrations were Stalin's birthday and the "Winter Tree" celebration scheduled for 30 December to 1 January, but virtually all Bucharest shops, stores, and factories were closed on 24-25 December, despite the lack of official sanction. [REDACTED]

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Comment: Earlier reports highlighted evidence of growing popular restiveness in Czechoslovakia and Hungary during December.

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13. YUGOSLAVIA. Kardelj cautions US on consequences of insufficient aid: Yugoslav Foreign Minister Kardelj has informed Ambassador Allen that the initial allied grant of only 25 million dollars for the first half of 1952 has caused his government difficulties in its economic and defense programs and raised doubts over the attitude of the three powers towards the tripartite aid program.

Kardelj expressed the hope that the three powers would reconsider their decision and accord Yugoslavia adequate funds now to meet its current minimum necessities and thus avoid weakening its internal economic and political structure.

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Comment: Yugoslavia has requested 86 million dollars in tripartite assistance to cover its trade deficit for the first six months of 1952. This figure exceeds last year's request for the corresponding period by some 36 million dollars. Yugoslav officials justify this increase on the grounds of larger defense commitments and higher import prices.

American economic officials in Belgrade estimate that unless a grant of approximately 65 million dollars is made early this year, Yugoslavia will be forced sharply to curtail its import program, thereby handicapping its defense and economic efforts.

The British, however, in line with their generally critical attitude toward Yugoslav economic policy, oppose any commitment in excess of 45 million dollars.

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SECTION 2 (EASTERN)

2. IRAN. Military court convicts "Partisans of Peace" leaders: A military review tribunal in Tabriz has sentenced five leading members of the "Partisans of Peace" to five years imprisonment.

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Comment: This decision appears to reverse a lower court ruling of 4 December that the "Partisans of Peace" was not Communist-controlled. The present verdict is in accord with the Army's contention that the "Partisans of Peace" is a Communist organization and, therefore, illegal.

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4. PHILIPPINES. Laurel sees next congressional session overwhelmed by political bickering: Senator Jose Laurel, the opposition leader, expressed his fear to the US Charge in Manila that political bickering in the next session of the Philippine Congress will prevent adoption of constructive legislation. Although maintaining that no solution of Philippine problems was possible while Quirino remained in office, Laurel nevertheless expressed a willingness to meet with the president in order to seek some basis upon which the two parties could act. [REDACTED]

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Comment: The Philippine Congress will convene on 28 January. Although President Quirino has been reported as desiring to restore his party's popularity by the enactment of a broad social welfare program, there is no evidence that such a program has been formulated. Neither has the opposition party, which will control the Senate, announced its legislative goals.

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6. Security regulations adopted in Yangtze and Pearl River estuaries: Martial law and a dusk-to-dawn curfew for both shipping and vehicular traffic in the Pearl River delta were proclaimed by South China authorities on 26 December. Similar winter security regulations were in effect a year ago.

At Shanghai the Military Council promulgated new regulations, to take effect 4 January, which close the North and Haimen channels in the Yangtze mouth to all shipping and prohibit navigation in the Yangtze estuary between sunset and sunrise. Only the south channel is now open for ships entering the Yangtze River. [REDACTED]

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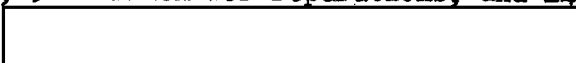
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Comment: These regulations are a continuation of a series begun over a year ago with the adoption of a curfew and other port restrictions at Tsingtao. Increasing Chinese Communist concern over coastal and harbor security has been noted since that time.

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9. JAPAN. Budget for 1952 tentatively approved by Japanese cabinet: CINCPAC reports that the 1952 budget tentatively approved by the Japanese cabinet for submission to SCAP calls for total revenues and expenditures of 853 billion yen each. Of the expenditures, 658 billion is allocated for internal uses, 50 billion for reparations, and 145 billion for security obligations.



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Comment: SCAP's final review of the budget may await the arrival of Dean Rusk in Japan about 20 January and the ensuing negotiation of the administrative agreement under the US-Japan Security Treaty. The appropriations and security commitments are somewhat smaller than anticipated.

- X1 10. Korean demonstrators carry pistols: The Koreans who rioted on 4 January at Takasago, Hyogo Prefecture (See Daily Digest, 8 Jan 52) were armed with pistols, according to Sangyo Keizai. This is the first time in post-war Japan that the principals in a riot have been armed. The paper noted that the Koreans picked "the most weakly-policed town in the prefecture" and that authorities are afraid similar incidents will occur in that prefecture.

Comment: The 22 November issue of the Nagoya Times claimed that Japanese police confiscated over 680 Colt and Browning pistols from various sources shortly before the Emperor's tour of the Kansai area some weeks ago. The pistols allegedly were provided by Chinese and Korean smugglers. The makes of the pistols suggest they were stolen from US stores in Japan or recovered from Korean battlefields.

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SECTION 3 (WESTERN)

1. FRANCE. French Government anxious to avoid discussion of German NATO membership: A French Foreign Office spokesman has relayed the opinion of the French High Commissioner in Bonn that the press had incorrectly reported the extemporaneous remarks of the West German Deputy Minister of Foreign Affairs who was credited with a demand for German participation in NATO. The Foreign Office feels that the German was "thinking out loud" and did not necessarily have Adenauer's approval. The Foreign Office spokesman pointed out that the immediate press release claiming "greatest surprise" was prompted by the need to avoid adverse action in the forthcoming French Assembly debates on the European Defense Community. [REDACTED]

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Comment: Although Foreign Minister Schuman still insists publicly that France cannot accept German participation in NATO, the Foreign Office, in recognition of German views, actually envisages German membership some six months after the Germans agree to a defense contribution. The French Government has been depending on this tacit understanding to avoid a discussion in the Assembly where it could endanger ratification of the European Defense Community.

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2. AUSTRIA. Russians threaten to tighten interzonal trade controls: [REDACTED] Chief of the Soviet Economic Division Smirnov insinuated that controls over interzonal trade would be "tightened" unless Austria committed itself to deliver 3,500 tons of aluminum, 3,000 tons of lead, and 10,000 tons of copper to Soviet enterprises in that country in 1952. US officials have suggested that the Austrians inform Soviet officials that they will try to maintain 1951 deliveries, if the Soviet authorities guarantee that end-products will revert, under Austrian Government control, to the Austrian economy. [REDACTED]

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Comment: While Soviet-controlled enterprises in eastern Austria have operated almost entirely outside Austrian supervision, trade as such between the Soviet and Western zones has heretofore taken place with little obstruction. Soviet authorities have frequently complained of Austrian allocations of raw materials to their enterprises and have in the past resorted to a variety of threats in an effort to enforce their frequently excessive demands. Although Russian controls over shipments of scrap, non-ferrous metals, and electrical equipment have allegedly been "intensified" during the past two months, there are no other indications that the Soviet authorities intend to endanger the status quo in Austria with a full-scale implementation of their threats.

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3. Socialists protest restitution of estates to Heimwehr leader:  
Socialist protests against a Supreme Court decision restoring 82 properties to a former vice-chancellor and leader of Austria's prewar fascist militia (Heimwehr) erupted on 7 January in sporadic strikes, demonstrations, and protest meetings in Vienna and provincial cities. A resolution demanding that the government take possession of holdings returned to Prince Ernst Ruediger Starhemberg under restitution laws was approved by 5,000 municipal employees in Vienna. Despite Communist efforts to invade a largely Socialist show, initial reports indicate that Socialist leadership has kept the situation under control.

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Comment: Prince Starhemberg, now residing in Argentina, has been the bete noire of Austrian Socialism since 1934 when the Social Democratic Party was defeated in open combat with the Heimwehr and was subsequently outlawed by the Dollfuss government. The sharp trade union reaction to the restoration of estates to Starhemberg is indicative of the not-entirely-forgotten tensions the present coalition government has successfully overcome for six years. While Socialist feelings appear now to have found sufficient outlet, failure of the government to initiate corrective legislation will aggravate the annual display of tempers on the anniversary of the 1934 conflict on 12 February.

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5. SPAIN. Spanish press excited over economic aid prospects: Misrepresentations of recent statements by two US officials regarding economic aid for Spain have produced a flood of excited comment in the government-controlled Spanish press. These statements dealt with the results of a survey of the Spanish economy recently completed by a special US mission. Spanish newspapers have apparently jumped to the conclusion that an economic agreement will be negotiated almost immediately, regardless of military considerations, and that every sector of the Spanish economy will receive immediate aid in major proportions.

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Comment: This press treatment is certainly approved, if not inspired, by the government and reflects the overwhelming political importance which the regime attaches to US aid. It may also provide some indication of the tenor of Spanish demands in the expected negotiations with the US regarding military facilities. An economic agreement will be dependent upon negotiations for the military facilities desired by the US.

6. UNITED KINGDOM. Churchill orders increase in army's infantry strength: Instructions have been sent by Churchill to the War Office to increase the infantry strength of the British Army by seven battalions, approximately 4,200 men, during the ten-month period commencing in March. These units are needed to form the basis of a new strategic reserve and to provide for troop rotation between Britain and overseas theatres.

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Comment: The dispatch of the remaining elements of the strategic reserve (3rd Infantry Division and 6th Armored Division) to the Middle East and Germany has necessitated the reconstruction of this emergency reserve (see OCI Daily Digest, 31 Oct 51). Infantry regiments in peacetime normally consisted of two battalions, with one overseas and the other at home for training and replacement support. During the postwar reduction and reorganization of the British Army, most of these regiments were cut to one battalion. Increased commitments in the Far East, Middle East and Western Europe have made necessary the reactivation of some of these battalions to fill their traditional role.

7. Coal shortage persists despite increased 1951 production: According to preliminary returns, 222,170,000 tons of coal were produced in Britain in 1951. This exceeds the maximum estimate made in the Economic Survey last April and is 5,808,900 tons more than the 1950 output. Nearly twelve million tons are attributed to the program of Saturday work in the mines. However, the increase in inland consumption surpassed the increase in coal production and forced Britain not only to reduce its coal exports but also to import US coal.

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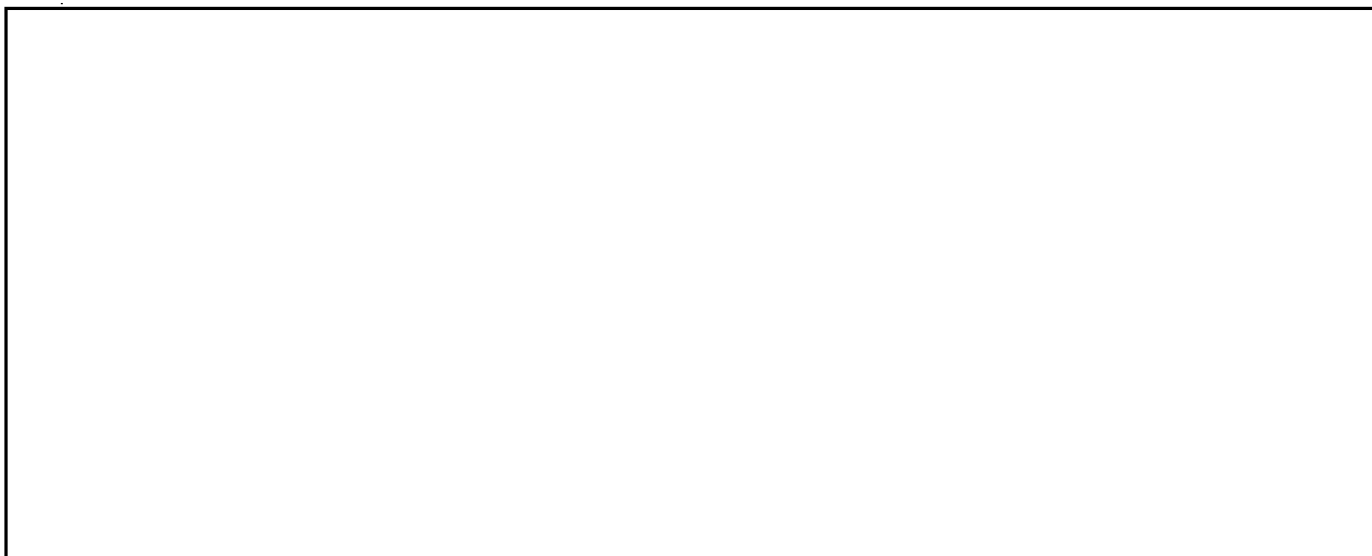
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Comment: For the past several years Britain has succeeded each year in producing more than in the preceding year despite a steady decline in manpower in the coal mines. Domestic consumption, however, has likewise increased steadily, and the effect of various restrictive measures introduced in the past six months is not yet evident.

- X1 8. NORWAY. New Defense Minister appointed: Nils Langhelle, Minister of Communications, has been appointed to replace Jens Hauge as Norwegian Minister of Defense. [REDACTED]

Comment: Although no change in defense policy is anticipated, this shift in the Defense Ministry probably is the government's attempt to facilitate smoother implementation of defense plans than obtained under Hauge. Langhelle has met with general approval in the performance of his office as Minister of Communications since 1946, and as Minister of Labor (1945-1946).

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- X1 10. Netherlands asks US opinion on sale of cyclotron to Argentina: The Netherlands Ministry of Economy has requested the State Department's opinion regarding possible objections to the sale of one cyclotron and "one Cascade generator acceleration installation (type Van der Graff machine)" to Argentina. The equipment would be shipped under Philips Eindhoven contracts. Prince Bernhard is interested in the fulfillment of the cyclotron contract. [REDACTED]

Comment: Following visits to Argentina by Prince Bernhard and Dr. Cornelis J. Bakker, director of the Netherlands Institute for Nuclear

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Research, it was announced that a Dutch cyclotron would be built for Argentina within two and a half years (see OCI Daily Digest, 14 Dec 51). Even considering the Netherlands' commercial interest in Argentina, Prince Bernhard has shown an unusual interest in warm relations with the Peron regime and in delivery of the cyclotron.

11. PANAMA. Foreign Minister claims Communist strategy is centering on Panama: Foreign Minister Molino told the US Ambassador in Panama that in the last few days the brazen tactics of the Communists have become even more accentuated. It is clear, the Foreign Minister concluded, that Communist strategists have singled out Panama in order to precipitate a difficult and embarrassing situation for the US.

Ambassador Wiley comments that in his experience he has never seen a country more ripe for such a Communist project than Panama. [REDACTED]

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Comment: Latin American government officials often grossly exaggerate the Communist menace in their countries. The badly organized Communist Party in Panama has only about 800 members.

The Panamanian Government is highly unstable because (1) President Arosemena has little popular appeal; (2) former Police Chief Remon is an extraordinarily controversial presidential candidate for the May elections; (3) Arnulfo Arias, whose government was overthrown last May, is manipulating his political support in an effort to secure his release from jail; and (4) Harmodio Arias and other forces opposing Remon are rumored to have a considerable store of arms and are using Communist-linked youth groups to intensify unrest.

12. PERU. Copper production to be increased: Large-scale exploration work, which promises to lead to a quadrupling of Peru's present production of copper within a few years, is now under way in southern Peru. The Toquepala mines of the American Smelting and Refining Company are scheduled for a 1955 output of over 100,000 tons of electrolytic copper. Other sizeable deposits are being studied for possible exploitation. Given an emergency impetus, Peru could easily account for 150,000 tons of copper a year, or almost 25 percent of the United States' annual import requirements. [REDACTED]

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Comment: The undeveloped copper mines at Toquepala have a proven deposit of a hundred million tons.

The climate for foreign investment in Peruvian mining properties has markedly improved since the passage of the new Mining Code in 1950.

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SECTION 2 (EASTERN)

1. EGYPT. US Ambassador in Cairo opposes British inaction in Egyptian situation:  
The US Ambassador in Cairo believes that, while domestic political considerations make it difficult for Britain to make new offers in the Sudan controversy, some positive action must nevertheless be taken. If the British remain adamant on the Sudan, he argues, Egypt will make no concessions on the Middle East Command proposals.

The British suggestion that Anglo-Egyptian negotiations depend on the end of terrorism in the Canal zone is not realistic. According to the Ambassador, the Egyptians believe that they can eventually force the British to withdraw by continuing their commando tactics, and are therefore in no hurry to negotiate. He points out that the British base at Fayid is not operative at the present time, and he warns that it eventually may even become untenable.

The Ambassador reiterates his previous warnings that events in Egypt cannot stand still but will continue to deteriorate, with the prospect that they will ultimately lead to "reoccupation, revolution, and general chaos."

X1 [REDACTED]

2. JAPAN. US-Japanese Security Treaty administrative negotiations may drag:  
Japan's largest newspaper Asahi reports that the Japanese side at the forthcoming negotiations for an administrative agreement under the US-Japan Security treaty will be represented principally by Okazaki and Nishimura. Asahi further claims that sources in the government are speculating that differing views of the US Departments of State and Defense have "to a certain extent drawn nearer." According to the paper, a group in the Japanese Government believes the negotiations may last a "fairly long time" and may possibly not finish before US ratification of the peace treaty. [REDACTED]
- X1 [REDACTED]

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Comment: Asahi's suggestion that negotiations may drag gives the impression that the Japanese are attempting to establish a strong bargaining position. Reuters, however, reports from Tokyo that the Yoshida government is concerned that any delay in negotiations may give the Japanese public the impression that the Occupation is continuing for an unduly long period, thereby causing discontent.

Okazaki is the Cabinet Minister charged with foreign affairs, and Nishimura is the Foreign Office treaty bureau chief.

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SECTION 3 (WESTERN)

3. UNITED KINGDOM. British interested in Iraqi solution to Egyptian situation: British Foreign Office officials are agreeably surprised at the latest Iraqi proposals for a solution of the Anglo-Egyptian crisis and are considering recommending that Foreign Secretary Eden encourage the Iraqi Prime Minister in his efforts. They hope that the suggestions can be brought more into line with the Middle East Command proposals.

X1 The Foreign Office does not like the Iraqi idea of an alliance restricted to five years nor the flat statement that Egypt could take over the air defense of the Suez Canal zone at some future date. It believes that Egypt will reject the suggestion that the Sudanese be left to decide on their future relations with Egypt free from either British or Egyptian pressure. [REDACTED]

Comment: The parts of the Iraqi proposal appealing to the Foreign Office are evidently those stipulating that terrorism in the Suez Canal zone be ended and an allied military storage depot be established there. A depot would satisfy some of the requirements of the Middle East Command proposals, which the British have consistently seen as the most suitable arrangement for the defense of the Canal.

Should agreement be reached on essentials, the British would apparently be willing to evacuate some of their troops according to their own time schedule. The British are, however, unwilling to concede that Egypt alone is capable of undertaking any aspect of the defense of the Canal zone.

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4.

Eden reportedly favors deal on new UN members: [REDACTED]

Comment: Such a deal would be consistent with the general British view of the UN as a comprehensive forum for international discussion. It would also have certain immediate advantages for British foreign policy, since Eden has been making a special effort to improve British relations with Italy, and Ceylon has been sensitive about being the only member of the British Commonwealth not yet a UN member. It is not known whether Eden proposed to raise this membership issue during the Washington talks.

On 19 December 1951 the USSR proposed the admission of thirteen applicants (all pending applicants except Korea and Vietnam).

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X1 The Foreign Office does not like the Iraqi idea of an alliance restricted to five years nor the flat statement that Egypt could take over the air defense of the Suez Canal zone at some future date. It believes that Egypt will reject the suggestion that the Sudanese be left to decide on their future relations with Egypt free from either British or Egyptian pressure. [REDACTED]

Comment: The parts of the Iraqi proposal appealing to the Foreign Office are evidently those stipulating that terrorism in the Suez Canal zone be ended and an allied military storage depot be established there. A depot would satisfy some of the requirements of the Middle East Command proposals, which the British have consistently seen as the most suitable arrangement for the defense of the Canal.

25X1X Should agreement be reached on essentials, the British would apparently be willing to evacuate some of their troops according to their own time schedule. The British are, however, unwilling to concede that Egypt alone is capable of undertaking any aspect of the defense of the Canal zone. 25X1X

4. Eden reportedly favors deal on new UN members: [REDACTED]

Comment: Such a deal would be consistent with the general British view of the UN as a comprehensive forum for international discussion. It would also have certain immediate advantages for British foreign policy, since Eden has been making a special effort to improve British relations with Italy, and Ceylon has been sensitive about being the only member of the British Commonwealth not yet a UN member. It is not known whether Eden proposed to raise this membership issue during the Washington talks.

On 19 December 1951 the USSR proposed the admission of thirteen applicants (all pending applicants except Korea and Vietnam).

TOP SECRET